

DANCOMECH HOLDINGS BERHAD
Registration No. 201301020455 (1050285-U)

TERMS OF REFERENCE FOR NOMINATION COMMITTEE

1 Objectives

The Nomination Committee (the “Committee”) of Dancomech Holdings Berhad (the “Company”) was formed by the Board of Directors of the Company (the “Board”). Its primary function, in line with the Malaysian Code on Corporate Governance, is to assist the Board in the following areas:

Proposing new nominees for the Board of the Company and/or its subsidiaries (the “Group”) - the actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee;

- Assessing the effectiveness of the Board and Directors of the Group on an ongoing basis;
- Review the effectiveness of the Managing Director*(“MD”); and
- Assess the size and composition of the Board.

2 Composition

2.1 The Board shall elect the Committee members from amongst themselves, comprising exclusively of Non-Executive Directors, a majority of whom are independent and number at least three (3) in total.

2.2 The Chairman of the Committee shall be a Senior Independent Non-Executive Director appointed by the Board.

2.3 The members will be appointed by the Board and will remain members until there is a change. The appointment of a Committee member terminates when the said member ceases to be a Director, or as determined by the Board.

2.4 If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3 Quorum and Meeting Procedures

The Committee shall meet at least once in a financial year. More meetings may be conducted if the need arises.

The quorum for the meeting of the Committee shall consist of not less than two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

Any member of the Committee may participate in any meeting of the Committee via telephone conferencing, video conferencing or by means of any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

The Company Secretary or his/her representative or other appropriate senior officer shall be appointed Secretary of the Committee (the “Secretary”). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.

The Committee shall report to the Board and its minutes be tabled and noted by the Board.

The Chairman of the Committee shall be entitled, where deemed appropriate, to invite any other person to a meeting of the Committee at which that person’s expertise may be required having regard to the subject matter to be discussed.

The Chairman shall submit an annual report to the Board, summarising the Committee’s activities during the financial year and the related significant results and findings thereof, including details of relevant training attended by each Director.

A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members and shall include signed copies via legible facsimile transmission or other written electronic means.

4 Advisers

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary in the discharge of its responsibilities, at the expense of the Company.

5 Responsibilities and Duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:-

5.1 Having evaluated the balance of skills, knowledge and experience on the Board, and hence defined the role and capabilities required for a particular appointment, be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

5.1.1 In making the recommendations, the Committee will also consider candidates proposed by the MD, and within the bounds of practicability, by any other

senior executive, Director or shareholder. In making its recommendations, the Committee shall assess and consider the following attributes or factors:-

- a) Skills, knowledge, expertise and experience;
- b) Professionalism;
- c) Commitment (including time commitment) to effectively discharge his/her role as a Director;
- d) Contribution and performance;
- e) Background, character, integrity, commitment (including time commitment) and competence;
- f) In the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-executive Directors; and
- g) Boardroom diversity including gender, age, experience and ethnicity diversity.

- 5.2 Make recommendations to the Board for the appointment of the Chairman, MD and Senior Independent Director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises;
- 5.3 Review and define orientation and induction plans for new directors;
- 5.4 Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors. The nomination and the election process should be disclosed in the Annual Report;
- 5.5 Recommend to the Board, Directors to fill the seats on Board Committees;
- 5.6 Assess the training needs of each Director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate;
- 5.7 Review the Board's succession plans;
- 5.8 Review and make recommendations to the Board on succession planning policy for senior management;
- 5.9 Review annually:-
 - 5.9.1 the required mix of skills, experience and other qualities of the Board, including core competencies which Directors should bring to the Board. This activity shall be disclosed in the Annual Report of the Company;
 - 5.9.2 the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented;

- 5.9.3 the effectiveness and performance of the MD, Chief Financial Officer* and Executive Directors; and
- 5.9.4 the independence of its independent directors. This activity shall be disclosed in the Annual Report of the Company.
- 5.10 Recommend the re-appointment of any non-executive director at the conclusion of his or her specified term of office, re-election of any director under the retirement by rotation provisions in the Company's Constitution;
- 5.11 Consider the size and balance of the Board with a view to determine the impact of the number upon the Board's effectiveness and recommend it to the Board;
- 5.12 Recommend to Board the Company's gender, age, experience and ethnicity diversity policies, targets and discuss measures to be taken to meet those targets;
- 5.13 Recommend to Board protocol for accepting new directorships;
- 5.14 Review periodically, its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 5.15 Assess annually the term of office and performance of the Audit and Risk Management Committee ("ARMC") and each of its members to determine whether such ARMC have carried out their duties in accordance with their terms of reference.

6 Procedures

The Board follows formal and transparent procedures when appointing directors as follows:-

- 6.1 The Committee shall prepare descriptions of the director characteristics the Board is looking for in a new appointment.
- 6.2 The Committee will seek professional advice as and when it considers necessary to identify a short-list of suitable candidates and a list of nominations for candidates proposed by the MD, and within the bounds of practicability, by any other senior executive, director or shareholder for considerations.
- 6.3 All the candidates are interviewed by at least two members of the Committee whose evaluations will be circulated to all the members of Nomination Committee. A target appointment date is then fixed.
- 6.4 The Committee will then have to make a majority decision in recommending the appointment to the Board.
- 6.5 The Board will then decide on the best candidate by ballot or majority decision and a resolution will be passed by the Board to appoint the candidate. The ultimate decision on the appointment of a candidate is solely that of the Board as a whole.

6.6 The written consent of the nominees to act if elected shall be secured.

The Committee shall regulate its own procedures to be followed in the discharge of its duties and responsibilities set out in section 5 above. The regulation and implementation of such procedures shall, as far as circumstances permit be in keeping with the principles and requirements of the MCCG.

7. Succession Planning for Board

The Committee shall:

- 7.1 keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 7.2 give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in future;
- 7.3 make recommendations to the Board concerning the succession plans for Executive Directors and in particular for the MD;
- 7.4 make recommendations to the Board concerning the re-appointment of any non-executive director at the conclusion of his or her specified term of office, re-election of any director under the retirement by rotation provisions in the Company's Constitution, continuation (or not) in service of any director who has reached the retirement age, if any;
- 7.5 make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any director (with the exception of Executive Directors whose employment is subject to the provisions of their service contracts, if any); and
- 7.6 make recommendations to the Board concerning the continuation (or not) in service of any Independent Director who has served consecutively or cumulatively more than 9 years.

8. Revision of the Terms of Reference

- 8.1 Any revision or amendment to the Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval; and
- 8.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

9. Approval

This Terms of Reference is reviewed and approved by the Board on 27 February 2020.

**Definition of:-*

- Managing Director* - *means the principal executive officer of the corporation for the time being, by whatever name called, and whether or not he is a director.*
- Chief Financial Officer* - *means the person primarily responsible for the management of the financial affairs of the corporation (such as record keeping, financial planning and financial reporting), by whatever name called.*